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Position Paper No. 10

Income Security In Canada: Alberta's Position

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Alberta
Dept of HEALTH AND
SOCIAL DEVELOPMENT
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The Province of Alberta welcomes the timely opportunity to discuss with the Federal and other provincial governments a comprehensive and rational approach to income security. In August 1972, the Department of Health and Social Development published a Background Paper on Public Assistance and deliberately sought the opinions of Albertans generally through municipal governments, other formal organizations and individuals. Although the Background Paper considered a more restrictive subject than income security, the strong public response has clearly indicated the overall directions the people of Alberta would favor in income security.

While Alberta favors a comprehensive approach to income security it does not find the development of a single program, such as a universal guaranteed income, to be a desirable or feasible way to meet diverse income security needs. It is suggested that income security objectives can best be met through a series of programs tailored to the unique needs of identifiable groups requiring different solutions.

The Government of Alberta hopes that the important steps we now feel able to take will not fail because of an inability to resolve any constitutional questions.

Alberta will examine thoroughly and without bias the proposals of the Federal government and all other provinces and although it wishes to carry forward the overall reviews of policies as rapidly as possible our government is willing to spend as long as necessary to bring about significant achievements in co-operation with other governments.

The proposals which follow are meant to be preliminary but it is suggested they would contribute much to a more equitable and progressive social security system.

I PHILOSOPHY OF INCOME SECURITY

(a) The Individual and Government

The Government of Alberta supports the concept that an individual is responsible to himself, his family and to society to provide for himself and his dependents to the best of his ability. At the same time, Governments should readily assume a role which will provide opportunities to people to participate in employment. This role can be fulfilled through training programs, placement services, job creation, and other special services related to the needs of particular groups in the labour force. Alberta's recently released Manpower Policy includes the following comments:

The creation of income through employment is essential to a good standard of living. This employment serves the individual on one hand and society on the other. Employment helps to bring the individual and family more fully into society. Employment gives status. It brings individual satisfaction. This, in turn, makes society strong, worthwhile and productive. Appropriate opportunities must therefore be available to all citizens of the Province.

To ensure that employment provides the major source of income for an individual or family, other methods of supplying income (such as social assistance payments) should be used only when employment is not feasible.

The Government of Alberta also acknowledges the responsibility of governments to ensure that those who are unable to provide for themselves have a level of income that will allow them to live at a socially acceptable level. This applies particularly to the aged, the handicapped, and children.

(b) Rewards For Initiative

Alberta takes the position that any income security scheme must encourage and reward individual initiative. In particular, any scheme must ensure that there is the incentive to work as well as the incentive for individuals to provide for their own future requirements. This implies that people who can work should find it to their economic advantage to do so, and that people who have saved or provided for their future needs should find themselves in a more favorable financial position than those who have not. The principle, therefore, is that any income security scheme should provide a lower level of benefit to people who have chosen not to work than to those who cannot work.

II INCOME SECURITY FOR PERSONS ABLE TO PARTICIPATE IN THE LABOUR FORCE

(a) Amendment to Canada Pension Plan

The incomes of active members of the labour force are protected under existing social insurance programs. The Canada and Quebec Pension Plans, together with Old Age Security, provide a source of retirement income. Such a portable contributory pension plan is most suitable for allowing people to provide for their needs in retirement, as well as to protect their income in case of disability, or that of dependents in case of death. Alberta supports in principle amendment to the Canada Pension Plan to strengthen the plan in relation to its original objectives. In particular there should be an increase in the Year's Maximum Pensionable Earnings, as well as pensions for the disabled and widows.

(b) Unemployment Insurance

Unemployment Insurance is the other program which has been designed to protect a person's income. Alberta believes that the present Unemployment Insurance Plan provides an unsatisfactory solution to the income problems of the unemployed. While it does provide an alternate source of income for thousands of unemployed people it has recently developed a reputation as another welfare program rather than an insurance plan. This is probably caused, at least in part, by the fact some people find the benefits high enough that they can choose not to work. While an alternate source of income is clearly necessary if an individual is without work, Alberta takes the stand that job creation should take precedence over income replacement for people who are available for work.

(c) Job Creation

A variety of measures are being used to create employment opportunities. Job creation in the private sector is the most desirable alternative. Government policies can and do stimulate developments in this area. Yet in recent years the economy has been intermittently less able to meet the needs of a rapidly increasing labour force. A variety of short-term job creation programs have been developed, including Opportunities for Youth and the Local Initiative Program to deal with summer and winter unemployment respectively. While these and other stop-gap programs have been less than totally satisfactory, they have demonstrated that Canadians support the idea that every individual who wants to work should be given the opportunity. They have also had an effect in broadening the definition of work.

Unemployment is wasteful and costly. There is a great deal of useful work that requires doing in Canada. Efforts must be maintained to stimulate job creation in the economy. There is evidence of growing support for governments to create jobs when they are not otherwise available, as long as they are not of a "make-work" nature, but are productive and have a worthwhile objective.

Early experiences in job creation are found in the federal Opportunities for Youth and Local Initiative Programs, and in Alberta's Priority Employment and Summer Temporary Employment Programs, as well as in Work Activity Projects that have been developed in many areas. The nature of the implications of such a concept makes it most desirable that implementation be undertaken in all parts of the country. Alberta is prepared to participate in the development of such programs.

One suggestion is that the Federal and Provincial Governments explore the idea of merging some employment creation programs into regional or provincial corporations which would have responsibility for creating jobs for persons unable to find employment. Municipal governments should also be involved, and it would be desirable to have close ties between such a corporation and manpower services, including training and placement services. With the changing concept of work it would be possible for the corporation to create socially useful jobs without interfering with the regular economic system. Alberta would be interested in the experience of other governments in this type of initiative.

If more people were effectively given the opportunity for employment there would be significant effects on the Unemployment Insurance Program. Indeed, the successful integration of a job creation program in the social security system could substantially reduce dependence on the Unemployment Insurance Plan.

III INCOME SECURITY FOR CHILDREN

One of the long-standing problems of income security for families is that income from employment does not relate to family size. Family Allowance undoubtedly was a significant program when introduced nearly thirty years ago but any effectiveness it may have had has been eroded by increases in the cost of living. Today there are large numbers of people who are fully employed yet living in poverty, unable to support their families at any acceptable standard of living. In Alberta several hundred such families have their incomes supplemented through Social Allowance. There are large numbers of additional families who could qualify under present policies, yet they do not apply either because they are unaware of the benefits available to them or because of the stigma attached to welfare payments.

A broad look at income security will show that substantial increases in the amounts of Family Allowances are necessary. These substantial increases will mean that the basic needs of children will be adequately met and that they will have a better chance to develop their abilities to full potential.

Whether Family Allowances should be universal is a major question, with strong arguments on both sides.

One of the primary advantages of retaining Family Allowance as a universal program would be its effect on the incentive to work. The influence of increased taxation when earnings increase is

unlikely to discourage a person from seeking employment nor to persuade him to leave employment. Yet, when the income support is not coming from a universal family allowance but from Public Assistance, the reduction of those benefits, when personal income is increased through employment, would be seen by many receiving Public Assistance as a disincentive to taking employment.

When it is said that a family may have more income on welfare than from employment it is because assistance programs take account of family size and employers do not. With the basic needs of children provided through Family Allowances the benefit levels of Public Assistance could be reduced. For the working poor the result would be that they would have, with respect to their children, the same level of benefits as recipients of Social Allowance, and would also have the benefits of employment. With Family Allowance at a high enough rate it would, except in cases of exceptional needs, be possible to maintain the Social Allowance at a level somewhat below the minimum wage, which would provide a concrete financial incentive for employment. With increases in Family Allowance it would also be possible to adjust the benefit levels in a variety of other income security programs, ranging from orphans benefits in the Canada and Quebec Pension Plans to Manpower training allowances that are based on family size.

IV INCOME MAINTENANCE FOR THE UNEMPLOYABLE

(a) Persons over 65

Persons who are 65 years of age and older are provided for to a greater extent than other unemployable persons. With the base of Old Age Security those who have participated in the labour force have their incomes protected through the Canada and Quebec Pension Plans. Necessary amendments to the Canada Pension Plan will increase the quality of this coverage. In addition there is for this group a guaranteed income to ensure that the income of a single person 65 or over is not less than \$170.14 per month. Should such income security be extended to other groups?

(b) The Physically Handicapped and Disabled

Disabled persons under age 65 may qualify for Disability Pensions through the Canada and Quebec Pension Plans if they have participated in the labour force and contributed to the pension plan prior to their disability. This provision is consistent with the view that all who can should provide for their future needs to the best of their ability, and should be maintained. However, there are handicapped and disabled people who have never had the ability to participate in the labour force, and who never will. It is Alberta's view that this group should be provided for as adequately as are those persons aged 65 and over who have been unable to provide for their own needs. At the present time they depend largely on Social Allowance for their income support. *Alberta favors the extension of a program comparable to the existing Guaranteed Income Supplement to this special group to help assure them a dignified and respectable standard of living.* Any difficulties in defining who are handicapped or unemployable, should not hold back the development of more adequate benefits for handicapped and disabled Canadians.

V SUMMARY

The Government of Alberta recommends:

- A. Emphasis on job creation in both the private and public sectors.
- B. Amendments to the Canada Pension Plan to increase maximum pensionable earnings and pensions to widows and the disabled. The incomes of persons who have worked should be protected primarily through the Canada Pension Plan, with a decreased emphasis on Unemployment Insurance.
- C. A substantial increase in Family Allowance as a direct benefit to working poor with young families.
- D. That the concept and benefit levels of the Guaranteed Income Supplement be extended to handicapped and disabled people under age 65 who have been unable to earn Canada and Quebec Pension Plan benefits sufficient for their needs.



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